

GENERAL SERVICES DIVISION

UPDATE UPDATE



The quarterly newsletter of the General Services Division

Fall 2005/Winter 2006

Montana Department of Administration • Website address: <http://www.discoveringmontana.com/doa/gsd>

PROCUREMENT NEWS AND NOTES

Online Ordering of Office Supplies

By February 1, 2006, state agencies will be able to order all of their office supplies, paper, janitorial products, and paper products from an online ordering system through the Central Stores program. In December, a contract was awarded to Corporate Express to not only be the supplier of all office supplies for the State, but to also provide a state-of-the-art online ordering system.

Training on the new—and very simple—system will begin in early February. Over 50,000 products are available through the online ordering system. For more information about the features and products available in the new system, contact Tom Hastings or Brenda Job at Central Stores at 495-6000.

Electronic Auctioning: State Surplus Property

A pilot program for the electronic auctioning of state surplus property will begin in January. The General Services Division is experimenting with the services of companies like eBay® to electronically post and conduct the auctions.

We still plan on having our bi-annual auctions of vehicles and heavy equipment and our monthly garage sales, but we expect to generate more revenue for the State by reaching a broader market for our surplus property. In addition, electronic auctions will also benefit state agencies outside of Helena since surplus property can be more readily sold on site, via the provision of a digital picture of the property, without having to transport it to Helena for disposal.

For more information about the status of this project, contact Mark Athearn at 495-6016.

Procurement Training Opportunities

Penny Moon, SPB Senior Contracts Officer, will be offering the following classes over the next few months. Contact the Professional Development Center at 444-3985 or e-mail pdcc01@mt.gov for registration and cost information.

Basic Purchasing

Thursday, February 16, 2006

Basic Purchasing offers instruction in procurement ethics, resources, levels of authority, and delegation. An introduction to the procurement tools used for small purchases, limited solicitation, sole source and sole brand, and term contracts will be covered.

Advanced Purchasing

Thursday, March 2, 2006

In Advanced Purchasing, you will learn about building, writing, opening, and awarding Requests for Proposals, Invitations for Bids, and Requests for Information. Penny focuses on advanced procurement issues such as leasing versus buying, public access, protests, grants, and ethics.

Initiating and Navigating the RFP Process

Tuesday, March 23, 2006

This seminar is intended for anyone with actual or potential responsibility for developing, soliciting, and evaluating Requests for Proposals. You'll be taught to the hows and whys of the RFP process:

- how to establish proposal requirements and criteria;
- how to choose evaluation committees;
- the reasons for proposal conferences;
- how negotiations are conducted; and
- the specifics for proposal awards.

Vendor Registration Category Review

The State's website developer, Montana Interactive, is set to soon begin work on a statewide vendor self-registration system. Under the planned development, vendors will be able to register themselves to let state agencies know which products and services they would like to offer to the State. Currently, all vendors are manually registered through the State Procurement Bureau. As part of the development, we will be reviewing the need for specific commodity categories and descriptions. Agencies will be contacted to solicit their comments on the addition or elimination of certain categories.

The second phase of this project will be the linking of the vendor registration system to the State's One-Stop Bids and Proposals website so that all vendors will be electronically notified when various bids and proposals are posted there. For more information, contact Hank Voderberg at hvoderberg@mt.gov.

Welcome to Gretchen Bingman

A special welcome to Gretchen Bingman to the State Procurement Bureau. Gretchen is known throughout state government from her 12 outstanding years of service working with administrative rules for the Secretary of State's Office. She replaces Jeanne Wolf, who retired from state government after 30 years of service. Gretchen serves half time as an Administrative Officer for the Bureau and half time as a Contracts Officer. She has assumed the same commodity areas that Jeanne had. Gretchen can be reached at 444-7210.

FACILITIES MANAGEMENT NEWS AND NOTES

Space Heaters in the Workplace

Please refrain from using space heaters in state buildings. They are expensive to operate and are a serious fire hazard. Additionally space heaters may trick your thermostat into thinking the room is warm, causing cool air to be sent to your office and surrounding areas.

Overnight Parking in Snow Country

To prevent personal cars from being plowed in during snow removal this winter, employees are reminded to park their personal vehicles in designated overnight parking spots if they need to leave their vehicle on the Capitol Complex. To locate one of these lots, or for assistance if you have been plowed in, contact the General Services Division at 444-3060.

PRINT AND MAIL SERVICES NEWS AND NOTES

USPS Rates Increase The Postal Service has set January 8, 2006, as the effective date for increases in postage—the first since 2002. The new rates will reflect a 5.4% across-the-board increase. Here are a few of the changes.

Selected Rate Changes

	Current	New
First-Class Letter (1 oz.)	37¢	39¢
First-Class Letter (2 oz.)	60¢	63¢
Postcard	23¢	24¢
Priority Mail (1 lb.)	\$3.85	\$4.05
Automated 5-Digit Sort Letter Mail		
First-Class Letter (1 oz.)	27.8¢	29.3¢
First-Class Letter (2 oz.)	50.3¢	53¢

Fee and Service Changes

	Current	New
Certified Mail	\$2.30	\$2.40
Delivery Confirmation (Priority)	45¢	50¢
Delivery Confirmation (First Class Parcels)	55¢	60¢
Return Receipt (Original Signature)	\$1.75	\$1.85
Return Receipt (Electronic)	\$1.30	\$1.35

If you have questions, contact Dennis McAlpin at 444-4190.

GETTING IT PRINTED As agencies have revised their communications with their clients, we at Print Services have tried to adjust our technologies to meet agency demand. The national trend has been to print only the quantity immediately needed, especially if the information changes regularly. We now know that targeted information meets the needs of clients more directly than general information. Our capabilities now include print-on-demand and variable data printing, not only in black and white, but also in color photocopies. If you are interested in more information for print-on-demand, call Print Services at 444-3053.

Montana Public Fueling Program

The State is in its seventh and final year of its contract with Wright Express. SPB recently issued an RFP to ensure there are no interruptions in the program. We anticipate some noteworthy incentives in the program based on increased competition in the industry. We expect to have contract in place by March 1, 2006.

On the Legal Front

There are still five procurement protests pending in various states of appeal. We are particularly waiting for the decision of the Supreme Court in the Reier Broadcasting Company (RBC) v. MSU case over the award of a contract for broadcast rights in 2002. This case involves MSU's decision to find the company non-responsive in their response to a Request for Proposal. The case is significant in that it challenged the State's option to determine "responsiveness" at any time prior to contract award.

As a result of this case, the Department of Administration recently amended administrative rules (ARM 2.5.407 and 2.5.602) to make it even clearer that the determination of "responsiveness" can be found anytime during the "procurement process," not just by an evaluation committee as alleged by RBC (see related article). In addition, this case is noteworthy because it is the first case under 18-4-242, MCA, of the Montana Procurement Act to be appealed for judicial review after the contested case hearing stage.

In a related development, RBC recently lost a second case they had appealed to the Supreme Court involving the broadcasting rights contract. RBC had appealed a District Court's decision to not allow RBC to amend their complaint to include a challenge of the constitutionality of 18-4-242, MCA, concerning the awarding of damages to losing bidders. The Supreme Court upheld the District Court's decision that RBC was procedurally too late to amend their complaint and therefore will not be able to attempt to overturn the statute which prohibits the payment of damages to losing bidders.

Three other procurement protests continue to languish. A trial date of April 3, 2006, has finally been set for the Spiker case. This case, originally filed in 1995, involves an allegation that the contents of an RFP were shared with another vendor by a state employee.

A second case involves the request from a losing bidder to have a contested case hearing over the award of a bid for playground equipment for the Department of Fish, Wildlife, and Parks. In this case, however, the bidder is refusing to obtain the legal counsel required to participate in a contested case hearing process.

A third procurement protest case involves the award of a contract for a liquor store in Red Lodge. A contested case hearing was held in April 2005, although the hearing officer's recommendation has not yet been adopted by the Director of the Department of Administration. Oral arguments before the Director are expected later this winter.

A fourth protest involving the Department of Labor and Industry was an allegation of unfair scoring during an RFP evaluation for debt collection. This case was resolved when the protesting party withdrew their

request for a contested case hearing.

For more information on any of these procurement cases, contact Sheryl Olson at 444-3315.

Administrative Rule Changes

Effective October 7, 2005, several rule changes affecting procurement of supplies and services and disposition of surplus property were finalized. ARM 2.5.610, a new rule, provides guidance to agencies regarding cooperative purchasing.

The amendments to ARM 2.5.407 concern who is authorized to make a determination of responsiveness, the timeframe in which such a determination can be made, and who makes the final determination. In addition, these changes clarify for bidders and offerors that a determination of nonresponsibility can be made at any time during the procurement process. This issue has been the subject of dispute in a procurement protest and litigation (see "On the Legal Front"). The rule also explains that until a purchase order has been issued or a contract has been fully executed, no expectation of a contractual relationship exists on the part of a bidder or offeror.

ARM 2.5.602, Competitive Sealed Proposals, was amended to make clear to vendors that an evaluation committee may be used to evaluate and score a response to an RFP. In addition, because the issue of "responsiveness" has been a subject of dispute in a procurement protest, the rule was also amended to clearly indicate that a determination of non-responsiveness can be made at any time during the procurement process.

Two significant rule changes allow for the use of electronic online auctions for small purchases or limited solicitations and the use of electronic online auctions as a method of disposing of surplus supplies (see Page 1).

Some other highlights include: clarification of definitions; change in the requirement for requisitions for RFPs from May 1 to April 1 to allow time to complete the process before the fiscal year end; state printing is subject to the reciprocal preference; procurement authorities have the option of faxing and e-mailing notices to a selection of vendors; "failure to sign and return an acknowledgment of addendum" is an example of a correctable mistake that should not disqualify a vendor from competition; what is meant by a "brand name" in IFB specifications; clarification of the manner of establishing a roster of contractors; creation of guidelines regarding alternate bids; and provision for a vendor to submit multiple bids.

The revised rules can be found at:
<http://mt.gov/doa/gsd/procurement/procurementlaw/rulespolicies.asp>.

REMINDER: Contract Renewal Justification

Section 18-4-313(3), MCA, requires that prior to the issuance of a contract renewal or extension, it must be determined that a renewal is in the best interest of the State. The State Procurement Bureau requires written justification for all contract or purchase order renewals or extensions. Agencies should scrutinize their contracts to determine whether renewal is justified. At a minimum, agency justifications should include: 1) assurance that the contractor has satisfactorily performed the required services; 2) the benefits of maintaining continuity with the existing contractor; and 3) consistency with current market conditions. Cost increases, if any, must be justified with an explanation of their necessity and appropriateness. For answers to your questions, contact a Contracts Officers at SPB at 444-2575.

THE QUESTION AT HAND

"I anticipate the need to contract for a large, complex system for my agency, but I am not sure where to start in order to develop the detail required for an Information Technology Procurement Request (ITPR), the RFP, and the eventual Statements of Work. The work seems overwhelming. Any suggestions?"

Yes! We have a great idea—go shopping! Several years ago, the State Procurement Bureau developed a "Request for Information (RFI)" process in Administrative Rule 2.5.508. Under this rule, agencies have the option of contacting industry representatives to obtain preliminary information about their products or services. Information from the industry can be tremendously beneficial to help you define your problem and see what solutions are being offered. Asking for information will not only help you formulate ideas about your project, but also give you a jump start on developing some of the details you'll need to navigate the IT procurement process. The only catch is that a RFI may not be used as a source selection method—meaning you will still have to go through a procurement process no matter how much you might like what you find from your shopping.

As we all know, the devil is in the details, particularly when it comes to the development of information technology systems. The more specific the requirements can be from the beginning of a project, the faster the project will get through the procurement process and succeed once it is in place.

THINK ABOUT IT

*Real integrity is doing the right thing,
knowing that nobody's going
to know whether you did it or not.*

~Oprah Winfrey

PUT ON A SWEATER

The State Procurement Bureau just finalized a new contract with Commercial Energy for natural gas for MSU-Billings, Pine Hills Youth Correctional Facility, and the Montana Women's Prison. The old contract expired September 30, 2005. The new contract is based on an index price and the first month had a whopping 43% increase!

PURCHASING USERS GROUP

The Spring meeting of the Purchasing Users Group is scheduled for Thursday, April 6, 2006, from 1 p.m. to 4 p.m. in the Public Health and Human Services Auditorium, 111 North Sanders in Helena.

Our featured speaker is slated to be Don Buffam of the State of Mississippi Department of Finance and Administration, Office of Purchasing and Travel. Based on his recent and ongoing experience in responding to Hurricane Katrina, Don will speak to us on emergency procurement issues. A master of his subject, and an engaging speaker, Don's talk is one you won't want to miss.

If you'd like to be added to the mailing list for PUG Meeting notification, send an email to gbingman@mt.gov.



Bill Covey, Recycling King, Retires

You all know him as the friendly, fast-moving king of recycling for state government. After 10 years of dedicated service, Bill is retiring from the state and surrendering his crown. Under his direction, the Recycle Montana program has grown to serve over 7,000 people in the Helena area. Not only do all state agencies and the university system participate, but there are 15 businesses that donate their recyclables as well. Bill says, "It has been a great learning experience and I have had the opportunity to work with some fantastic people." Bill has also served us well by overseeing janitorial services for the Capitol Complex.

Before coming to work for the State, Bill taught 7th and 8th grade science for 27 years at Radley School in East Helena. Bill has plans for lots of activities after he retires.

We wish you all the best, Bill!

ABOUT THIS NEWSLETTER

"GSD Update" is published quarterly by the General Services Division of the Montana Department of Administration. For more information, or to have your name added to the mailing list, contact us at 406-444-2575. Our address is: P.O. Box 200135, Helena, MT 59620-0135; Fax 406-444-2529; Web address: www.mt.gov/doa/gsd.